

Amendment No. 2 to HB1525

**Kelsey
Signature of Sponsor**

AMEND Senate Bill No. 621*

House Bill No. 1525

by adding the following new sections immediately preceding the last section and by renumbering the subsequent section accordingly:

SECTION 3. Tennessee Code Annotated, Section 49-13-104(1), is amended by deleting subdivision (1) in its entirety and by substituting instead the following language:

(1) "Charter agreement" means a performance-based agreement between the sponsor of a public charter school and the chartering authority, the terms of which are approved by the chartering authority for an initial period of ten (10) years;

SECTION 4. Tennessee Code Annotated, Section 49-13-106(a)(1), is amended by deleting subdivision (E) in its entirety and by substituting instead the following language:

(E) Students who are eligible for free or reduced-price lunch and who are enrolled in LEAs that have an average daily membership (ADM) of twelve thousand (12,000) students or more; or

SECTION 5. Tennessee Code Annotated, Section 49-13-106(a)(2), is amended by deleting the subdivision in its entirety.

SECTION 6. Tennessee Code Annotated, Section 49-13-102(e), is amended by deleting the language "as provided for in § 49-13-106(a)(2)".

SECTION 7. Tennessee Code Annotated, Section 49-13-106(b)(2)(B), is amended by deleting the language "subdivisions (a)(1) or (2)" and by substituting instead the language "subdivision (a)(1)(B)".

SECTION 8. Tennessee Code Annotated, Section 49-13-106(b)(2), is amended by adding the following language as new subdivision (D):

(D) The limit imposed in subdivision (b)(1)(C) on the number of charter schools that may be created does not apply to conversions of public schools to public charter schools.

SECTION 9. Tennessee Code Annotated, Section 49-13-108, is amended by deleting the first sentence of the section in its entirety and by substituting instead the following sentence:

This section shall apply only to applications for new charter schools under § 49-13-106(b)(1).

SECTION 10. Tennessee Code Annotated, Section 49-13-112, is amended by deleting subsection (a) and subsection (b), by substituting instead the following language as new subsections (a), (b) and (c), and by relettering subsequent subsections appropriately:

(a) A local board of education shall allocate to the charter school an amount equal to the per student state and local funds received by the LEA and all appropriate allocations under federal law or regulation, including but not limited to Title I and ESEA funds. Such allocation shall be in accordance with rules and regulations promulgated by the department of education. All funds received by a charter school shall be spent according to the budget submitted or as otherwise revised by the public charter school governing body, subject to the requirements of state and federal law. At the request of the charter school governing body, a local board of education may act as fiscal agent for a public charter school in accordance with the charter agreement and applicable state and federal law.

(b) The department of education shall promulgate rules and regulations that provided for the determination of the allocation of state and local funds as provided in subsection (a). The department shall promulgate such rules and

regulations effective for the 2009-10 school years. Any rules promulgated hereunder may be promulgated as public necessity rules. At a minimum, such rules shall provide that:

(1) Allocations shall be based on one hundred percent (100%) of state and local funds received by the LEA, including current funds allocated for capital outlay purposes (excluding the proceeds of debt obligations and associated debt service);

(2) Student enrollments used in allocations shall be for the same period used in allocating state funds to the LEA under the basic education program; and

(3) Allocations to the charter school may not be reduced by the LEA for administrative, indirect or any other category of cost or charge except as specifically provided in a charter agreement.

(c)

(1) Notwithstanding any provisions of title 49, chapter 3, part 3 or this section to the contrary, the department of education shall calculate the amount of state funding required under the BEP for capital outlay as a non-classroom component to be received in a fiscal year by an LEA in which one (1) or more charter schools operate. The department shall reserve from the sum for such LEA the funds that constitute the amount due to charter schools operating in the LEA and shall not distribute such reserved amount to the LEA. The department shall distribute from the reserved amount directly to each charter school its total per pupil share as determined by its average daily membership (ADM). The per pupil share of each charter school shall be based on prior year ADM, except that the per pupil share of any charter school in its first year of operation shall be based on the anticipated enrollment in the charter agreement.

(2) Although the BEP does not require LEAs to expend specific amounts for the individual components by which the funds were generated, the per pupil funding required to be paid directly by the department to a charter school under this subsection shall be used solely for charter school facilities. Such per pupil facilities aid may be used for rent for school facilities, construction, renovation of an existing school facility, leasehold improvements, debt service on a school facility or purchase of a building or land; provided, that no such funds shall be expended for purchase of land when the charter school does not have immediate plans to construct a building on the land.

(3) Notwithstanding the provisions of subdivision (1), the LEA shall include in the local share of funds paid to a charter school the required LEA match for the state funds generated under the BEP for capital outlay as a non-classroom component which are paid under this subsection directly to a charter school as per pupil facilities aid.

SECTION 11. Tennessee Code Annotated, Section 49-13-121(a), is amended by deleting the language “five-year periods” and by substituting instead the language “ten-year periods”.

SECTION 12. Tennessee Code Annotated, Section 49-13-121(b), is amended by deleting the language “period of five (5) academic years” and by substituting instead the language “period of ten (10) academic years”.

SECTION 13. Tennessee Code Annotated, Section 49-13-121(c), is amended by deleting the subsection in its entirety and by substituting instead the following:

(c) A public charter school renewal application shall contain a report of the school’s operations, including students’ standardized test scores, financial statements and performance audits of the nine (9) years preceding the date of the renewal application. The department of education shall develop guidelines that govern the charter renewal application process.

SECTION 14. Tennessee Code Annotated, Title 49, Chapter 13, is amended by adding the following language as a new, appropriately designated section:

§ 49-13-___. The department of education, in collaboration and cooperation with charter schools, shall identify charter school most promising practices and implement a system for dissemination of such practices. Such system shall include identification of those schools that could benefit most directly from innovative practices in charter schools. Such system of dissemination shall allow LEAs across the state and traditional public schools to learn from charter schools' most promising practices.